

**3/28/79 [2]**

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9:45  
C

THE WHITE HOUSE

WASHINGTON

March 28, 1979

GREETING FOR SENATOR EDMUND S. MUSKIE

Wednesday, March 28, 1979

9:45 p.m.

City Tavern Club

From: Frank Moore

I. PURPOSE

Drop-by at surprise birthday dinner for Senator Muskie's 65th birthday.

II. PRESS PLAN

White House Photo Only

III. BACKGROUND

The guests at tonight's dinner will consist of the Senator's children, Jane Muskie, family friends, staff members, golfing partners, business associates and his family doctor.

Senator Muskie is one of six children, the father of five children and the grandfather of one little boy.

The Senator is a lawyer, served in the U.S. Navy during World War II in both the Atlantic and the Pacific and has been in public service for 33 years.

Muskie served in the Maine House of Representatives, was Maine's first Democratic Governor in 20 years, was the first popularly elected Democratic Senator in Maine's history and received the greatest total popular vote in Maine's history in 1976.

Senator Muskie is chairman of the Senate Committee on the Budget, Chairman of the Subcommittee on Environmental Pollution and serves on the Senate Foreign Relations Committee. He is regarded by many as the "conscience" of the Senate.

# **Senator Edmund S. Muskie, Democrat of Maine**

## **Biographical Data, February, 1979**

### **Public Service**

Elected to the Maine House of Representatives, 1946, 1948, 1950.

Served as minority leader during his second and third terms.

State Director, Office of Price Stabilization, 1951-52.

Democratic National Committeeman, 1952-56.

Elected Governor of Maine, 1954, 1956.

First Democratic Governor in 20 years.

Elected United States Senator, 1958, 1964, 1970, 1976.

First popularly elected Democratic Senator in Maine's history.

Received greatest total popular vote in Maine's history in 1976.

Democratic nominee for Vice President of the United States, 1968.

Vice-Chairman, Roosevelt-Campobello Island International Park Commission.

Member, Board of Trustees, Bates College, Lewiston.

### **Senate Assignments**

Chairman, Senate Committee on the Budget

Environment and Public Works Committee

Chairman, Subcommittee on Environmental Pollution

Subcommittee on Resource Protection

Subcommittee on Regional and Community Development

Foreign Relations Committee

Subcommittee on African Affairs

Subcommittee on East Asian and Pacific Affairs

Subcommittee on Western Hemisphere Affairs

Democratic Policy Committee

Assistant Majority Whip, 1966-present

Democratic Senatorial Campaign Committee, ex officio

Former member, Governmental Affairs Committee (1959-1978)

Former member, Committee on Banking and Currency (1959-1970)

Former member, Special Committee on Aging (1969-1978)

## **Personal History**

Born March 28, 1914, Rumford, Maine. Son of the late Stephen and Josephine Muskie (Marciszewski). His father, a tailor, emigrated to the United States from Jasionowka, Poland, in 1903. He married the former Josephine Czarnecka, a native of Buffalo, New York, in 1911 and moved to Rumford.

Second of six children. His brother, Eugene, lives in Arlington, California. His sisters, who live in the Rumford area, are Mrs. Lucy Paradis, Mrs. Irene Chaisson, Mrs. Betty Breau and Mrs. Frances Chouinard.

Married Jane Gray of Waterville, Maine, May 29, 1948.

They have five children: Stephen, b. March 18, 1949; Ellen, b. September 22, 1950; Melinda, b. December 27, 1956; Martha, b. December 17, 1958; and Edmund Jr. (Ned), b. July 4, 1961. Stephen is married to the former Alexis Droggitis of Biddeford, Maine; and Ellen to Ernest Allen of Arlington, Virginia. The Muskies have one grandchild, Ethan Allen.

## **Education**

Attended Rumford schools. Graduated cum laude in 1936 from Bates College in Lewiston, where he was Phi Beta Kappa and class president. Graduated in 1939 from Cornell Law School.

## **Military Service**

Enlisted in the U.S. Navy during World War II. Served in both the Atlantic and Pacific Theaters.

## **Service Clubs**

Lions Club

American Legion

Veterans of Foreign Wars (life member)

AMVETS (life member)

GUEST LIST FOR MARCH 28, 1979 CITY TAVERN CLUB

JOHN DALY *D.C. friend  
TV personality*  
GINNY DALY

ED MUSKIE  
JANE MUSKIE

GEORGE MITCHELL *U.S. Atty. Maine* MARTHA MUSKIE

KATIE LOUCHHEIM *D.C. friend* MELINDA MUSKIE

HARRY MCPHERSON *D.C. friend* EDDIE STANTON

CHARLIE SCHULTZE NED MUSKIE

RITA SCHULTZE

ELLEN ALLEN - *Muskie's daughter*

NORDY HOFFMANN - *Srg. at Arms  
Senate*

ERNIE ALLEN - *Ellen's husband*

JOANNE HOFFMANN

STEVE MUSKIE

SHEP LEE *Maine friend*

LEXI MUSKIE

NANCY LEE

DON CORY

DON NICOLL *former AA to Sen.*

GAYLE CORY - *Muskie's staff*

HILDA NICOLL

JOE ALLBRITTON

ROLLISON BAXTER *Maine friend*

BARBY ALLBRITTON

KITTY BAXTER

LEON BILLINGS *AA to Sen. Muskie*

DICK HILDRETH *D.C. friend*

PAT BILLINGS

MARIE HILDRETH

BERL BERNHARD *Att'y, former nat'l. campaign  
manager*

DON LARRABEE - *Me. Gov. Off. Rep.  
in D.C.*

JAN BERNHARD

MARY BETH LARRABEE

MADELEINE ALBRIGHT, *White Hse. - NSC*

ABIGAIL MCCARTHY

PHIL JEHL, *Smith Kline, golfing friend*

ED PISZEK *Mrs. Paul's, Inc.  
Phil. Pa.*

MARCELLE JEHL

RICHARD BAKER *AA to Pizsek*

CHARLIE LANDER - *Maine friend*

BOB UNDERSTEIN *D.C. friend*

ALICE LANDER

SUE UNDERSTEIN

~~VICE PRESIDENT MONDALE~~

MILLIE UNDERSTEIN *D.C. friend*

FRANK MOORE

LARRY BUTLER *College  
Maine friend*

NANCY MOORE

LOUISE BUTLER

FRED BURKE *family physician*

RUTH BURKE

DICK STEWART - *Boston Globe*

PAT STEWART

MARY HOYT -

JIM DAY - *Maritime Comm.*

DELMA DAY

BOB DUNFEY *Dunfee Family Hotels*

ARNOLD PICKER - *United Artists*

CHUCK CIANCHETTE *Ciandro, Corp. - Pittsfield, Me.*

HELEN CIANCHETTE

JOHN MCEVOY - *Staff Dir. - Sen. Budget Comm.*

LIZ TANKERSLEY

CAROLE PARMELEE, *Personal Sec'y to Sen.*

KEN PARMELEE

KEN CURTIS -

12:25 PM

THE WHITE HOUSE

WASHINGTON

March 28, 1979

Courtesy Meeting with Tom Donovan  
Oval Office 12:25pm ( 3 Minutes)

by: Tim Kraft

TK

I. PURPOSE:

Brief courtesy meeting with Tom  
Donovan, A.A. to Mayor Bilandic

II. PARTICIPANTS, BACKGROUND, PRESS:

A. PARTICIPANTS:

Tom Donovan, Administrative Assistant  
to Mayor Bilandic  
Pat Donovan, wife  
Tim Kraft, Assistant to the President

B. BACKGROUND:

Tom has worked for the City of Chicago  
and the Democratic organization for a  
long time. He has been with the Mayor's  
office for nine years and is particular-  
close to the Daleys.

He was Bilandic's top political operative  
and will probably not survive a Byrne  
"reorganization".

C. PRESS:

None/ White House Photo

III. TALKING POINTS:

1. Acknowledge his help and advice to us,  
from the mid-term in Memphis (where he  
helped with the 72-0 vote in support of  
our budget position) to keeping us in  
touch with the Daleys and fundraisers.

2. I urged him to consider a position in  
the campaign ( and he was grateful for  
that), but he and his wife want to stay  
in the Chicago area; he'll probably take  
a job in the private sector.

3. Ask him for continuing support and  
advice; he has a lot of friends through-  
out the political community.

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12:10 PM

THE WHITE HOUSE

WASHINGTON

March 28, 1979

Courtesy Meeting with Dennis Stanfil  
Oval Office 12:10 P.M. (3 minutes)

by: Tim Kraft *TK*

- I. PURPOSE: Brief courtesy meeting with Dennis Stanfil, President 20th Century Fox Film Corporation
- II. PARTICIPANTS, BACKGROUND, PRESS:
- A. PARTICIPANTS: Dennis Stanfil, Chairman of the Board  
20th Century Fox Film Corporation
- B. BACKGROUND: Dennis Stanfil is Chairman of the Board and Chief Executive Officer of 20th Century Fox Film Corporation. He is a graduate of the United States Naval Academy, 1949, Rhodes Scholar and served in the Foreign Affairs Department of the Office of the Chief of Naval Operations.
- Dennis Stanfil belongs to the group of financial blue line big-time corporation people in California who are very active in fund raising. He is a key person among this group and one of the best spokesmen for the California business and entertainment industry.
- C. PRESS: None/White House Photo
- III. TALKING POINTS:
1. A long-time Democrat, with excellent contacts, he is an untapped resource.
  2. He is a close associate of Mike Roos, California State Assemblyman, who is a strong supporter of the Administration.
  3. We should let him know we value his input and want his support.

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THE WHITE HOUSE  
WASHINGTON

CC CL

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tell Tate

no comment  
3/28 - done by phone

THE WHITE HOUSE  
WASHINGTON

Mr. President:

This is in response to your  
question this morning.

Dan Tate

A handwritten signature in dark ink, appearing to read 'Dan Tate', written over the printed name.

9  
1

THE WHITE HOUSE

WASHINGTON

March 20, 1979

MEMORANDUM TO THE PRESIDENT

FROM: FRANK MOORE  
DAN TATE *Dan*  
BOB THOMSON *Bob*

SUBJECT: NATURAL RESOURCES REORGANIZATION

We have tentatively settled upon a strategy to deal with Senator Byrd's expressed opposition to establishing the Department of Natural Resources by reorganization plan. We are certain Senator Ribicoff encouraged Senator Byrd to write. Consequently, Senator Ribicoff is the key to changing Byrd's mind.

We will have final discussions about a procedural compromise with Ribicoff's staff this afternoon at 5:30. The compromise would involve both a reorganization plan and legislation, and would preserve virtually all the tactical advantages we could expect by relying solely on your reorganization authority. Ribicoff's staff is very interested.

If the discussions this afternoon are satisfactory, we will approach Ribicoff with the compromise within the next 48 hours. If he is favorably inclined, and we think he will be, we will attempt to set up a short meeting between you and him Friday afternoon.

At that meeting, you can "seal the deal" and ask him to speak with Robert Byrd. At the same time, we will explain the compromise to Byrd.

After we get a report back from the Ribicoff-Byrd conversation, you should then, and only then, call Senator Byrd about supporting DNR.

We will give you complete details about the procedural compromise in the briefing paper for the Ribicoff meeting. It has the approval of Secretary Andrus and all your key advisors.

Please let us know if this strategy for dealing with Byrd and Ribicoff is not satisfactory.

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THE WHITE HOUSE  
WASHINGTON

*Jody*

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It was Miner Newspapers buttons for everyone at the AIMEX show in Sydney and among the 3000 people who received them were (top) Executive Director of AMIC Paul Phillips, (above) U.S. Ambassador Philip Alston, and (right) Minister for Special Trade Representations Vic Garland.

Registered for posting as a publication — Category B

The Miner Newspaper  
March 5-18, 1979

and your  
faithful  
CK

L.A. HERALD/EXAMINER

3/20/79

To Press  
Carter

# Brown's Dad a Carter Man

## Ex-Governor Also Criticizes His Son's Stand on Sohio Pullout

By JOEL SAPPELL

Herald Examiner Staff Writer

Former Gov. Edmund G. Brown Sr. said today his son should not be running for president yet, praised President Carter and went on to disagree with his son on a number of other issues.

Brown, answering questions following a breakfast address before the Beverly Hills Chamber of Commerce, disagreed sharply with his son's belief that Sohio Oil Co. canceled its proposed terminal because it is a "pirate" corporation.

Instead, he blamed 12 years of increasing regulation on Sohio's decision not to build its pipeline from Long Beach to Texas.

Brown, who is currently an attorney for Sohio, acknowledged his association with the company by saying, "If I criticize Sohio, then I'm criticizing my own client, and I'm not going to do that."

Brown also criticized his son's cross-country lobbying effort for a federal constitutional convention to

balance the budget.

"A lot of people think it's a good idea," he said. "I don't. I'm afraid of a constitutional convention. There are too many unanswered questions about it. I don't think Congress should be put in a straightjacket."

During the breakfast address, Brown limited his remarks to the problems and issues facing the governor now in contrast to 20 years ago when he was governor. The Sohio and constitutional convention remarks came after the address in a press interview.

When asked if he would actively support his son's probable bid for the 1980 presidential nomination, Brown firmly replied no.

"We've talked about it," Brown said, "and I think he'd be a good president, but now is not the right time. I think President Carter needs all the support he can get right now."

The former governor praised Carter for trying to bring peace to the Middle East.

10:50 AM

THE WHITE HOUSE

WASHINGTON

March 28, 1979

Brief Meeting with Fabian and Coral Jeanne Chavez  
Oval Office 10:50 a.m. ( 3 minutes)

by: Tim Kraft

I. PURPOSE:

Brief farewell / thanks meeting with  
Fabian Chavez, Assistant Secretary of  
Commerce for Tourism

II. PARTICIPANTS, BACKGROUND, PRESS:

A. PARTICIPANTS:

Fabian Chavez, Assistant Secretary of  
Commerce for Tourism  
Coral Jeanne Chavez, wife  
Tim Kraft

B. BACKGROUND:

Fabian is one of the highest ranking  
Hispanic appointees in your administra-  
tion and he has turned in his resigna-  
tion, which is effective on Saturday,  
March 31.

He will be returning to his home state  
of New Mexico. He put a great deal of  
work into the tourism agreement with  
Mexico as well as the increased inter-  
national air routes. Fabian's letter of  
resignation is attached, along with  
a copy of your response of March 15.

C. PRESS:

None/ White House Photo

III. TALKING POINTS:

1. Thank him for his service during  
his tenure here in Washington.
2. Urge him to stay in touch with us  
and to continue to keep the people at  
home apprised of your programs and  
progress.

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Dear Mr. Chavez:

It is with regret that I accept your resignation as Assistant Secretary of Commerce for Tourism, although I understand your decision to return to your home state. During your almost two years of federal service, you can take pride in many specific accomplishments: your contributions to a tourism agreement with Mexico; the successful negotiation of increased air routes with Mexico and other countries; your exploration of new countries as sources of tourism to the United States; and the development of a tourism bill of rights.

I wish you great success in your future career. The talents and hard work which you have devoted to your federal career will be a great asset to the people of New Mexico.

Sincerely,

Jimmy Carter

Honorable Fabian Chavez, Jr.  
Assistant Secretary for Tourism  
U.S. Department of Commerce  
Washington, D.C. 20230





UNITED STATES DEPARTMENT OF COMMERCE  
The Assistant Secretary for Tourism  
Washington, D.C. 20230

March 5, 1979

The President  
The White House  
Washington, D. C. 20500

Dear Mr. President:

It is with deep regret that I submit my resignation to you as Assistant Secretary of Commerce for Tourism to be effective March 31, 1979.

I am deeply, personally grateful for having had the honor of serving you and our country in this important position and will forever cherish it as one of the highlights of my career in public life.

Aside from the fact that the Executive budget requests that the position of Assistant Secretary of Commerce for Tourism be abolished in the 1980 fiscal year, I have determined that I should return to my beloved State of New Mexico for other reasons, some of which are personal.

I will leave the Federal Government scene completely convinced that the tourism industry is one of the most important industries in our American economic sector, and that our international tourism efforts are extremely important and have contributed hundreds of millions of dollars to our economy as a result of the programs developed by the United States Travel Service over the past sixteen years.

In addition to the economic contributions made to our country, untold goodwill and understanding of our way of life have been developed as a result of the millions of foreign visitors who come to the United States.

I am particularly honored to have had the privilege to serve at your direction as a member of the Mexico-United States Consultative Mechanism and as Chairman of the Mechanism Sub-group on Tourism.

The President  
March 5, 1979  
Page 2

In a short period of time, we were able to negotiate the most expanded and liberal international air route agreement in the history of the United States with our good neighbors to the South.

We also successfully negotiated a tourism agreement between the United States and Mexico -- the first in the history of our country.

Just last week, Ambassador Patrick Lucey, U. S. Astronaut Alan Bean and I joined President Jose Lopez Portillo at the inaugural ceremonies of the 26th Annual Home Trade Show. This is the largest exhibition of its size in the Western Hemisphere attracting nearly five million people in one month. The main theme of the fair is "U. S. Space Achievements". This theme was developed and coordinated by my office as a direct result of the cultural exchange section of our tourism agreement and involved the cooperation of the Smithsonian, NASA and the Mexican authorities.

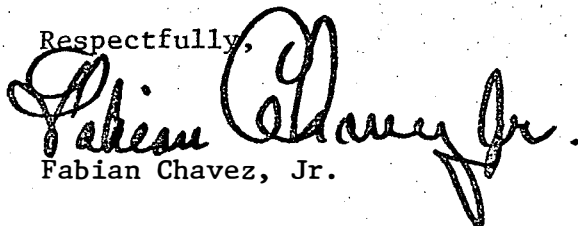
Recently, we had a very successful meeting of the Mexico-United States Quadripartite Commission which resulted in joint agreements between representatives of government and the private sector of both countries which will develop into multi-million dollar investments in tourist projects in Mexico.

I was very pleased to learn that during your recent visit with President Lopez Portillo he was very complimentary on the efforts and results by the Subgroup on Tourism of the Mexico-United States Consultative Mechanism and feel humbly honored to have made my contribution.

While I must return to my home in Santa Fe, New Mexico, feel assured that I will continue in whatever way possible to contribute to the well-being of our country. I have been blessed with having had the privilege to serve my country for nearly five years as a soldier in World War II and then again, thanks to you, as Assistant Secretary of Commerce for Tourism.

God bless you.

Respectfully,

  
Fabian Chavez, Jr.

THE WHITE HOUSE  
WASHINGTON

3/28/79

Frank Moore  
Frank Press  
Henry Owen

The attached was returned in  
the President's outbox today  
and is forwarded to you for  
appropriate handling.

Rick Hutcheson

THE WHITE HOUSE  
WASHINGTON

March 28, 1979

*Frank - Done*  
*"My subcommittee. If it's a Carter program, it passes!"*  
*J*

ACTION

MEMORANDUM FOR THE PRESIDENT

FROM:

FRANK PRESS *FB*  
HENRY OWEN *HO*  
FRANK MOORE *F.M./BR*

SUBJECT:

SENATOR INOUE AND ISTC

1. The Institute for Scientific and Technological Cooperation is making good progress on the Hill. It has done well in the authorizing committees and the House Appropriations Subcommittee. On Thursday it will run up against the main obstacle: The Senate Appropriations Committee will hold hearings. If anyone kills ISTC, this is where it will be done.

2. Your call to Inouye about the foreign aid appropriation last year had a major effect. We need a similar call now, to express your strong support for the Institute. You might mention that you have already found this proposed Institute valuable in discussions with Mexico, where it was included in the joint communique, and that you foresee an important role for the Institute in Egypt, where a major new post-treaty effort in scientific and technological cooperation is being planned.

*Mexico*  
*Egypt*  
*Venezuela*  
*Nigeria*

3. You might point out that the budget for the Institute has been established within the FY 1980 ceiling on foreign assistance, and that the operating expenses and personnel ceilings for the Institute are to come from the levels previously established for our bilateral assistance program, so that this initiative will not result in added operating budget levels for foreign aid. The Institute represents a qualitative improvement, not a quantitative expansion, in the foreign assistance program.

RECOMMENDATION

That you phone Senator Inouye in the sense indicated above. The Senator may mention the bill that he has introduced to prevent elimination of the US travel service, as proposed in the budget. If so, you should state that your position remains the same.

meeting with congressional group concerning  
energy policy/solar power 3/28/79

Hodgkins disease

2 mil val

THE WHITE HOUSE  
WASHINGTON

3-4B

3-28-79  
Comp - Solar Energy

Need to coop 7480 \$845m  
+ 17%

Technologies

new jobs

environment

national security

inflation

Limited budget. how to use

Solar vs Envir vs Consumer  
end of DPEC subsidies

Pete - Passive solar - no tax credits  
John - Wood tax credit -

Homeowners only - not builders

Al \$200 bil subsidy - heavy disbursement

Russ France/solar = Solar bank

Declarin Solar Energy Commercialization Act

Refundable tax credit. home loans

Low down financing & states

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3/28/79

THE WHITE HOUSE  
WASHINGTON

JCS breakfast 3/28/79

Turkey - PRC/Taiwan - NATO - Panama

Mide arms - Iran - Is/Eg/SA peace

~~France~~ Philippines

Consultations - Strategy

Jones @ Summit

5517-4

SALT II - not perfect 18-10

19-6

Expand US strategic forces

SALT III

Need help - SALT II vs no treaty

Consequences of rejection

Fewer verification obstacles

Cheating - tragic results (Scc)

SU future forces more certain

Strategic assessment

Verifiable - MX deployment

Non Circum

- Non precedential SS20 vs  
GLCM/SSCM

- Telemetry 7/78 & 12/78

= Strategic balance

- Allies

Balance A SALT I → II

- Soviet strategic outlook

- Recent su aggression

- ASW - CM II

- 10% at summit

Right to MLGM for U.S.

- 20% - MLGM & B'fire

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*To the file: Jack Pay has been*

THE WHITE HOUSE  
WASHINGTON

*told i will  
get in touch with*

3/26/79

Mr. President:

*Jim Johnson*

Sec Vance and Blumenthal

*Phil*

would like to meet for 10

minutes tomorrow to discuss

the Jackson/Vanik amendment

issue.

\_\_\_\_\_ approve \_\_\_\_\_ disapprove

Phil

*No. Let them talk  
to Fritz, Ham &  
Frank J*

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THE WHITE HOUSE  
WASHINGTON  
3/28/79

The Vice President  
Hamilton Jordan  
Stu Eizenstat  
Tim Kraft  
Bob Lipshutz  
Frank Moore  
Jody powell  
Jerry Rafshoon  
Anne Wexler  
Jack Watson  
Jim McIntyre  
Alfred Kahn  
Hugh Carter

Re: Cabinet Summaries

The attached was returned from  
the President and is forwarded  
to you for your personal informa-  
tion.

Rick Hutcheson

EYES ONLY

1179



United States of America  
General Services Administration  
Washington, D.C. 20405

cc Jim  
Jack

C

Administrator

March 23, 1979

MEMORANDUM FOR THE PRESIDENT

THRU: Rick Hutcheson

SUBJECT: Weekly Report of GSA Activities

Major Setback in Urban Policy Implementation

On March 12, I received a memo from John White, Deputy Director, OMB, overturning the GSA decision to relocate the Western Area Power Administration (WAPA) to downtown Denver. The reasons for this decision were:

1. The General Services Administration directive was based almost entirely on one aspect of Executive Order 12072, that preference be given to locating Federal agencies in central business districts, to the neglect of fully considering all the other requirements of the Order.
2. In the absence of a compelling argument that relocation in the central business district is essential to downtown Denver, we believe that the advantage of WAPA's continued close proximity with the Bureau of Reclamation is desirable and should prevail.

This reasoning flies in the face of the meaning and intent of the Executive Order. If left standing, this decision will be a tremendous blow to our efforts in implementing the policy. It has been difficult enough to convince the bureaucracy of this, and other agencies, that we were serious. This will negate any credibility we have established.

My staff is working with Jack Watson's staff to try to overturn the OMB decision.

*Paul E. Solomon*  
JAY SOLOMON  
Administrator

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

Stu  
C  
/

March 23, 1979

REPORT TO THE PRESIDENT

THE ADMINISTRATOR

FROM: Douglas M. Costle

I am under a court order to decide by April 16th what pollutant emission standard to set for new coal-fired electric utility plants (the so-called "new source performance standard" ((NSPS)) under the 1977 Clean Air Act Amendments). Whatever the decision I make--and there are two clear options, with some limited room for compromises between them--it will be highly controversial both within and without the Administration. Leaving EPA views aside--and I want to emphasize that I have not reached a position in my own mind--there is no consensus among the affected agencies, nor do I think it likely that any consensus will be reached. The strength with which differing views are held makes an appeal to you almost certain.

The statute requires that I consider environmental, energy, and economic impacts in selecting "the best technological system of...emission reduction." Although the full effects of the standard will only be felt in 1995 and beyond (the immediate effects over the next several years will certainly be negligible), the symbolic effects of the decision--which will be perceived as evidence of your priorities and commitment in each of these areas --will be large. I want to make sure that each viewpoint is given the fairest consideration, and that no last-minute surprises are handed to you.

In the hope of avoiding a last-minute, highly visible appeal process, I would like to suggest that you receive a briefing, preferably in the next two weeks, during which the major viewpoints could be expressed to you by the affected agencies. I stress the word briefing; you would not be asked to decide any issues during that session. But once you are aware of the facts and their implications, you and I can sit down to discuss how you want the decision handled, so that whatever the outcome, any negative repercussions can be held to a minimum.

Participants in the briefing should include Charlie Schultze, Fred Kahn, Jim Schlesinger, Cecil Andrus, Charlie Warren, Stu, Eliot Cutler, and Dave Hawkins and myself from EPA. If you approve, I will work with Stu and others on your staff to set it up.

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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D.C. 20410

March 22, 1979

MEMORANDUM FOR: The President  
Attention: Rick Hutcheson, Staff Secretary

Subject: Weekly Report of Major Departmental Activities

First Action Grant Project Completed. On Thursday, March 22, Secretary Harris and Assistant Secretary Robert Embry traveled to Troy, New York to participate in ceremonies marking the completion of the first metropolitan area project carried out under the Urban Development Action Grant program. Troy officials used their Federal money to build a pedestrian mall in conjunction with private sector construction of one new building and renovation of an historic structure. Nearly 200 new, permanent private sector jobs were created by the project, and more than 100 existing jobs were retained in the community.

Since April 1978 when the first UDAG project was approved, HUD has approved over 300 projects totalling \$599.4 million. These projects have resulted in a leveraging of \$3.6 billion in private sector financial commitments and are responsible for the creation of more than 150,000 new, permanent jobs in the economy.

Expansion of HUD Fair Housing Enforcement Power. On March 21, Secretary Harris testified in support of the Fair Housing Amendments Act of 1979 before the Senate Judiciary Committee's Subcommittee on the Constitution. The proposed legislation would provide HUD with authority to stop Title VIII violation through issuances of temporary injunctions and cease and desist orders and would allow for the assessment of substantial penalties against violators. The bill would also give the Department of Justice the authority to seek remedies on behalf of aggrieved individuals without establishing the existence of a pattern or practice of discrimination.

HUD Pursues Cost Savings In Its Operations. As part of the FY 80 legislative package, HUD has submitted a proposal for a program which allows the Department to make all or part of the mortgage payments on behalf of certain mortgagors who are temporarily unable to make their own payments because of, say, unemployment. Known as the Temporary Mortgage Assistance Payments (TMAP) program, the idea preserves homeownership opportunities for American families by reducing foreclosures and offers the potential for millions of dollars in savings annually to the Government. This savings arises because under TMAP, HUD makes relatively small loans instead of having the mortgage assigned to the Department, which would result in an immediate, large cash payment.

Housing and Hazardous Substances Disposal. As the House Commerce Committee's Subcommittee on Oversight and Investigations opened hearings on disposal of hazardous wastes, HUD continues to face decisions and problems related to the Love Canal, New York incident. A decision is pending on whether to allow future FHA backing for mortgage loans in the area. Additionally, there are now indications that the economic viability of a public housing project in Love Canal may be threatened as residents are encouraged to leave the area.

Patricia Roberts Harris

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THE CHAIRMAN OF THE  
COUNCIL OF ECONOMIC ADVISERS  
WASHINGTON

March 23, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: Lyle E. Gramley *LEG*

Subject: Weekly Report

Energy. The CEA members and staff continued active involvement in discussions of the various oil decontrol, tax, and rebate options under discussion within the Administration and in development of estimates of the implications of these proposals for prices and economic activity.

Regulatory Reform. The CEA staff continued its involvement in the regulatory reform task force.

Inflation. Fred Kahn and I briefed the press Friday morning on the CPI figures for February and what they mean.

Regulatory Analysis Review Group. Our staff worked with the Council on Wage and Price Stability staff on a review of proposed hazardous waste guidelines for RARG. This review was filed on the 16th and released on the 19th.

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THE SPECIAL REPRESENTATIVE FOR  
TRADE NEGOTIATIONS  
WASHINGTON

March 23, 1979

MEMORANDUM TO THE PRESIDENT

FROM: Ambassador Robert S. Strauss

RE: Weekly Summary

In another tedious step along the way, we moved the waiver of countervailing duties out of the Senate Finance Committee with a unanimous vote. Dole had originally intended to tack on an amendment dealing with the inheritance tax question to force another veto. While we finally were successful, with Long's help, in avoiding it, I do think it may be introduced as an amendment on the floor and am working to stop it now. Unhappily, there is as you would expect, strong support for the tax measure. My argument with Dole was if you attach it, the President will veto it and when it comes back for an override, you will pick up all of the opponents of your legislation and the opponents of my legislation to sustain the veto and all you will do is hurt us both and gain nothing.

You probably saw in the Post that we had a major flap over a "nothing issue" as to whether or not minority business is being hurt in our government procurement code. The fact of the matter is, we had already excluded practically everything relating to minority business so it was not too difficult to negotiate the removal of the whole subject. Hopefully, we made a plus out of a negative, although substantially there was little involved.

Yesterday, tentative agreements were arrived at in Geneva for the initialing of the final trade package on April 10 or 11 and I hope the EC will be able to meet that schedule. If so, I am going to push the Congress very hard to take up and dispose of the trade bill prior to the August recess. If we are successful, it will be a very significant legislative and economic accomplishment as we go into the summer. It would seem important to me that we get our trade bill out of the way before SALT begins to be seriously debated. We are now in "mark-up" before Ways & Means and Finance two or three days each week, plus appearances before other Committees.

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When I was a freshman in high school, I was in love with a pretty little curly-haired blond girl from Elk City for several weeks. If you run into her, give her my regards. She will be the one with the gray hair, cane and hearingaid. See you Sunday in Dallas where you should have a good and productive day.

**Community Services Administration** WASHINGTON, D.C. 20506



March 23, 1979

MEMORANDUM TO THE PRESIDENT

Attention: Rick Hutcheson, Staff Secretary  
FROM: Graciela (Grace) Olivarez, <sup>for G.O.</sup> Director  
Community Services Administration  
SUBJECT: Weekly Report of Significant Agency Activities  
(March 19 - 23, 1979)

Countering the Anti-Government Theme in California.

In several speeches this week in California, I have focused on your commitment to help the poor help themselves by making better use of existing resources. On Monday, March 19, 1979, I spoke at a ground breaking ceremony for a new manufacturing plant at the San Bernardino Community Development Corporation industrial park; on Tuesday, I spoke with the staff of the CSA-funded Menninger group homes in Calexico; and, on Thursday, I was the keynote speaker at the Annual Hispanic Women's Conference in Los Angeles and received the "Woman of the Year Award" of the Mexican-American Opportunity Foundation. Today, I am speaking in Santa Rosa, where I will receive the Eighth Annual Golden Aztec Award of the California Human Development Corporation.

Crisis Intervention Program.

The Community Services Administration (CSA) has just sent New Hampshire \$800,000 of its Crisis Intervention Program (CIP) funds to assist the poor in coping with its recent disastrous floods and snow. Earlier this year, CSA gave \$1.7 million to Illinois and Wisconsin for disaster relief. In addition, CSA has distributed \$23,428,867 under the regular CIP program and \$127.5 million in CIP supplemental assistance.

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THE SECRETARY OF COMMERCE

WASHINGTON, D.C. 20230

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REPORT TO THE PRESIDENT

FYI  
March 23, 1979

As previously noted in my weekly reports, I have been conducting a series of meetings with key industry sector representatives to discuss major business issues and Administration initiatives for which we especially need the support of the business sector. These meetings have all been very helpful.

Last week we had a particularly useful meeting and dinner with chief executives from the motor vehicle manufacturing industry. Stuart Eizenstat, Charlie Schultze and Doug Costle joined us for dinner. Stuart summarized our accomplishments in the area of regulatory reform; Doug emphasized the regulatory calendar as an important means of focusing industry and government attention on upcoming regulations; and Charlie spoke very effectively on the need for broad-based business support of the Administration's wage and price standards. He acknowledged the good support we have received from Fortune 500 firms but emphasized that small and medium-sized firms must also become more involved, and he urged these leaders to talk directly with their suppliers and colleagues.

During the past three years this industry has experienced sustained healthy economic growth. However, the cumulative impact of regulations -- particularly fuel efficiency, emissions, and vehicle safety -- is increasingly critical. The greatest concern is with the Department of Transportation's current passenger fuel economy standards for 1981-85 which follow a "front-loaded pattern," requiring greater miles-per-gallon improvement in the first two years than in the latter two. Industry argues that a straight-line approach, with equal annual improvements, would be more energy efficient in the aggregate and would cost consumers far less, thereby reducing inflationary pressures. The Department of Commerce's preliminary analysis indicates the straight-line approach may well be more cost effective. I have asked Brock to review this matter, and you may hear more from industry on this issue. The industry leaders expressed their support for the Administration's efforts and initiatives relating to curbing inflation, regulatory reform, budgetary restraint, and export policy.

I also met this month with key executives from the Machine Tool industry. This industry's sales of capital equipment are a good indicator of future manufacturing prospects. This year's machine tool shipments are expected to rise by nearly 30%. This industry strongly supports export promotion, expanded Eximbank financing, simplified export controls, and greater enforcement of antidumping laws. Because of large potential markets in Communist countries, the industry opposes controls that limit access to the U.S.S.R. and China; it favors repeal of the Jackson-Vanik amendment. I strongly urged these industry leaders to support our SALT II treaty since reduced arms competition should lead to improved relations and, in turn, expansion of trade opportunities with the U.S.S.R.


The industry also urged additional cost recovery proposals designed to stimulate investment. We pointed out the investment provisions of the 1978 tax package and noted further action in 1979 is not planned. Industry representatives

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endorse the State Model Product Liability Code proposal and risk retention concepts initiated by Commerce and favor their rapid adoption. They expressly supported the Administration's China policy, export policy, and anti-inflation program.

During March 29-April 7 I will be visiting Tunisia, Morocco and Romania.

In Tunisia and Romania I will be leading U.S. delegations to Joint Economic Commission meetings; in Morocco I will be following up on your November discussions with King Hassan II on enhancing U.S. investment in Morocco.



Juanita M. Kreps



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**Office of the Attorney General**  
**Washington, D. C. 20530**

March 23, 1979

Principal Activities of the Department of Justice  
for the week of March 18 through March 24

1. Meetings and Events

The Attorney General has been meeting regularly with various government officials, including HEW Secretary Califano and DoD Deputy Secretary Duncan, on the new ethics law and the regulations to be issued. On Thursday, March 22, the Attorney General attended the annual dinner of the Radio and TV Correspondents Association in Washington. On Saturday, March 24, the Attorney General will fill in for the President at the annual dinner of the Gridiron Club in Washington.

2. Judicial Selection

There are currently 174 federal judgeship vacancies (152 under the new law and 22 regular vacancies). Of this total, there are 66 currently in process at the Justice Department, four pending at the White House, and 15 pending in the Senate. The Senate confirmed seven nominees this week, four under the new law and three for regular vacancies.

3. Weber Supreme Court Argument

The Supreme Court will hear oral arguments in United States v. Weber on Wednesday morning, March 28. The case presents the question of whether an employer's voluntary affirmative action program is legal under Title VII of the Civil Rights Act of 1964. Each side will have 45 minutes of argument; petitioners' time will be divided 15 minutes per party; Kaiser Aluminum & Chemical Corp., the United Steelworkers of America and the United States. The Government's case will be argued by Deputy Solicitor General Lawrence Wallace.

4. Washington Civil Rights Suit

The Civil Rights Division has been authorized by the Attorney General to intervene in a civil rights suit brought by three school districts in Washington (state), challenging the constitu-

tionality of a recently-adopted state initiative that, in effect, bars the voluntary busing of school children to effect school desegregation. The three districts had previously worked out their voluntary plans for desegregation with the Department of Health, Education and Welfare. The proponents of the initiative had worked actively to discourage these prior negotiations and the administrative implementation of the plans.

5. Mexican Relations

Casio Luiselli, an assistant to President Portillo of Mexico, had suggested to INS Commissioner Leonel Castillo that he (Castillo) might come to Mexico to meet with government officials there who are concerned about the treatment of Mexican nationals (including illegal aliens) who are in the United States. Ambassador Lucey raised this possibility with the Mexican government after the President's trip, and a March 19 cable from Ambassador Lucey now indicates that the Mexican government would prefer to deal with Ruben Askew, the newly-appointed chairman of the President's Select Commission on Immigration Law and Refugee Policy, in the course of their planned consultative meetings this spring.

6. "Graymail" Study and ITT Prosecutions

The Department dismissed perjury prosecutions recently against ITT officials Berrellez and Gerrity to protect classified national security information from public disclosure because the government was unable to obtain pre-trial rulings that would ensure non-disclosure. The Department is now working with Congress to develop legislation to establish legal procedures that will avoid dismissal of similar cases due to "graymail" problems.

7. Inspector General Council

In the weekly report of March 2, it was noted that a revised proposal to establish a council to coordinate efforts of the new Inspectors General would soon be forthcoming. That proposal has been finalized and will be forwarded to the President early next week.

8. Intelligence Oversight Board Opinion

The President recently requested the Attorney General's view with regard to a matter referred to the President from the Intelligence Oversight Board. It is expected that the Attorney General's opinion will be furnished to the President next week.



THE SECRETARY OF HEALTH, EDUCATION, AND WELFARE  
WASHINGTON, D. C. 20201

MAR 23 1979

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MEMORANDUM FOR THE PRESIDENT

FROM JOSEPH A. CALIFANO, JR. *JAC*

SUBJECT: Weekly Report of HEW Activities

- National Health Plan: On Tuesday, I will testify on our proposals before the Senate Finance Subcommittee on Health (Talmadge).
  - Hospital Cost Containment: On Wednesday I spoke to about 2,500 members of the Midwest Health Congress about our hospital cost containment proposals. Their response was more positive than I ever anticipated. It is clear that if we explain our proposals carefully, we can bring these people along. We will work with Dick Moe and Anne Wexler to reach others in the health care business in the coming weeks.
  - Disability: The Ways and Means Subcommittee on Social Security (Pickle) has voted a number of reforms which accord closely with our recommendations:
    - a cap on the family benefit, so that beneficiaries do not receive more in benefits than they earned while working;
    - a number of the incentives we recommended to encourage beneficiaries to return to work; and
    - statutory changes which will facilitate administrative reform of the program.
- Preliminary estimates show that the Subcommittee bill will save almost \$1.2 billion in FY 1984.
- Basic Skills: On Wednesday I will review your basic skills program before the Education Subcommittee of the Senate Labor and Human Resources Committee (Pell), which, for this hearing, will be chaired by Senator Eagleton.



THE SECRETARY OF THE TREASURY  
WASHINGTON 20220

F.Y.I.

March 23, 1979

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MEMORANDUM FOR THE PRESIDENT

Subject: Highlights of Treasury Activities

1. THE DOLLAR:

The dollar remained firm this week and has continued to trade in a relatively narrow range. The Swiss and Germans intervened moderately to support their currencies, while the yen firmed somewhat during the week, following substantial Japanese intervention in support of the yen on Monday and Tuesday. The U.S. continued to acquire German marks and pay down swap debts to the Bundesbank.

2. DEBT LIMIT:

The Senate has not yet acted on the debt limit bill (the House approved a rise from \$798 billion to \$830 billion through September 30, 1979). Several balanced budget amendments have been proposed for possible attachment to the Senate bill. Senate leaders are pushing for a compromise amendment which would require Congressional budget committees to develop, by April 15, an "alternative budget" which would be in balance for fiscal years 1981 and 1982.

3. CHRYSLER CORPORATION:

You asked to be informed periodically on this issue. Since my meeting with its representatives in late January, Chrysler has continued to implement its program of retrenchment, which involves the sale of several of its overseas subsidiaries. Chrysler's basic trends persist. Sales have continued to deteriorate, with those for the first two months of this year lagging behind the comparable period in 1978 by nearly 20 percent. Chrysler reported a 1978 loss of \$200 million. Since January, there have been no further approaches by Chrysler for Federal financial assistance. There are rumors -- which we are not in a position to confirm -- that Chrysler is discussing the possibility of a merger with a foreign or domestic company. We have not been consulted by Chrysler on this matter.

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*Thlo*



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

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March 23, 1979

MEMORANDUM FOR THE PRESIDENT

THROUGH: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

SUBJECT: Significant Issues for the Week of March 19

Rail Deregulation - In keeping with your State of the Union proposals, Stu Eizenstat and I held a White House press conference to announce today your railroad deregulation legislation. The bill substantially reduces regulations; it increases the freedom of railroads to provide freight services at market prices; it gives the railroads flexibility to set rates without ICC interference; it facilitates mergers; and it permits the abandonment of unprofitable lines. We expect that some of the rail industry will oppose the measure, while freight shippers and consumers will support our pro-competition proposals. Senator Cannon has given me his assurances that his Commerce Committee will give the legislation the highest priority for action.

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U.S. DEPARTMENT OF LABOR

OFFICE OF THE SECRETARY  
WASHINGTON, D.C.  
20210

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March 23, 1979

MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *Ray*  
SUBJECT: Major Departmental Activities, March 16-23

Teamster Negotiations. In order to prepare for a potential teamster strike, I have established task groups on economic impact, Taft-Hartley injunction, legislation and Congressional briefings, law enforcement, and inter-governmental problems. Each task group has a lead agency and I will closely monitor their overall progress. I also met this week with Frank Fitzsimmons to discuss his attitudes toward the negotiations. He mentioned to me during this meeting that he does not plan to call a nationwide strike if a settlement is not reached. He will rather plan job actions that will minimize the government's chances of getting a Taft-Hartley injunction. The government's strategy for now should be to keep a low profile and wait to see how the negotiations develop next week.

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DEPARTMENT OF AGRICULTURE  
OFFICE OF THE SECRETARY  
WASHINGTON, D. C. 20250

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March 23, 1979

MEMORANDUM TO THE PRESIDENT

THROUGH Rick Hutcheson  
Staff Secretary

SUBJECT: Weekly Report

PORK. The March 21 Hogs and Pigs Report for the 14 major hog-producing States and recent changes in cattle data indicate more pork and less beef in 1979 than forecast earlier. Pork production is now expected to be about 15.1 billion pounds, up 15 percent from 1978. The December through February pig crop is reported to be up 17 percent from a year earlier. Pork prices will weaken as the year progresses. Beef prices, however, will remain strong reflecting smaller cattle slaughter levels than expected earlier.

AUSTRALIAN WHEAT CROP. The 1978/79 Australian wheat crop is expected to be a record 17.9 million tons, up from 17.6 million tons.

A large, stylized handwritten signature, likely of Bob Bergland, written in dark ink.

BOB BERGLAND

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Department of Energy  
Washington, D.C. 20585

March 23, 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

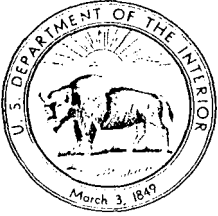
JIM SCHLESINGER

SUBJECT:

Weekly Activity Report  
March 17-23, 1979

1. Tertiary Recovery Rule. The Department this week issued a notice of proposed rulemaking designed to encourage the use of certain enhanced recovery techniques on existing oil wells to increase production from those wells.
2. Butane and Natural Gasoline Decontrol. The Department plans to issue next week a notice of proposed rulemaking to exempt butane and natural gasoline from the Mandatory Petroleum Allocation and Pricing Regulations. We will also make available an analysis relating to the proposed exemption that is consistent with findings and views which would be submitted to Congress with the proposal exempting the two products.
3. Natural Gas to Displace Imported Fuel Oil. The Federal Energy Regulatory Commission (FERC) this week authorized Consolidated Edison Company of New York, Inc., to use natural gas to displace imported oil in generating steam and electricity without adverse effects on the utility's entitlements to natural gas under present and future curtailment plans. This was the first case to go before the FERC involving substitution of natural gas for imported fuel oil since DOE began its oil displacement efforts. This substitution is in addition to the 162,000 barrels of oil per day displaced with natural gas through our other efforts with industry.

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THE SECRETARY OF THE INTERIOR  
WASHINGTON

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March 23, 1979

MEMORANDUM TO THE PRESIDENT

From: Secretary of the Interior

Subject: Major Topics for the Week of March 19

The Alaska lands issue is currently bogged down in the House Merchant Marine Committee, but there is basic agreement that it will come to the House floor on April 30th. We are still in pretty good shape in the overall recommendations except on the Arctic Wildlife Range exploration scheme. If we could trade the NPR-A exploration plan for protection of the Range we would be in a better position. OMB will consider this and give us a response on April 15.

We are working through Stu's office on energy comments for your speech. We can, and will, increase the OCS acreage that is leased in future years, but I would caution against a proposal that is not attainable because of statutes or resources. Nixon came off the wall with figures that the public and industry knew were impossible to meet and we have just brought credibility back to the process. Acreage leased is more important to industry and oil supply than the number of sales held. The surest way to bring about delay by litigation is to signal that we are going to short cut the system.

I still feel that if you are going to deregulate domestic oil prices, that your willingness should be contingent on Congress giving you some form of excess profits tax.

Good luck!

  
CECIL D. ANDRUS



Department of Energy  
Washington, D.C. 20585

March 16, 1979

MEMORANDUM FOR:

THE PRESIDENT

FROM:

J M SCHLESINGER

SUBJECT:

Weekly Activity Report  
March 10-16, 1979

1. Policy Planning. We are continuing extensive work on the Iranian Response Plan, decision documents on petroleum pricing and drafts for use in the Presidential Energy Message.
2. Marginal Well Rulemaking. The Department has nearly completed the preparation of the final rule which would provide increased prices for so-called marginal oil well production. Marginal wells are existing wells with low and declining production rates which, in many cases, require increased prices to evoke incremental production toward the end of their productive lives.
3. Tertiary Rulemaking. We are now in the process of developing a notice of proposed rulemaking designed to encourage the use of certain enhanced recovery techniques on existing oil wells to increase production from those wells. Such a rule would provide incentives to produce oil which would not be produced absent appropriate financial incentives sufficient to allow the capital investment necessary for the use of tertiary recovery methods.
4. Nuclear Plant Shutdown. The Department is in the process of appraising the impacts on oil consumption of the NRC decision this week to close temporarily five nuclear plants in the eastern United States. Preliminary estimates indicate that if these plants remain closed into the summer months, the net power loss could exceed the equivalent of 140,000 barrels of oil per day.
5. The Progressive Case. As you are aware, the Justice Department has filed suit to prevent publication of an article in The Progressive magazine containing "Secret/Restricted Data" relating to development of thermonuclear devices. A Federal District Court in Wisconsin last week issued a temporary restraining order, and a hearing currently is scheduled to be held March 26 on a preliminary injunction.

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U. S. DEPARTMENT OF LABOR  
OFFICE OF THE SECRETARY  
WASHINGTON

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March 16, 1979

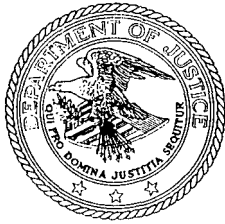
MEMORANDUM FOR THE PRESIDENT

FROM: SECRETARY OF LABOR, Ray Marshall *RMJ*  
SUBJECT: Major Departmental Activities, March 10-16

Strike against United Airlines temporarily averted.

The Machinists (IAM) voted down a contract settlement with United and currently are working without a formal contract. Both sides have accepted my invitation to come to the Labor Department on March 17 to begin round-the-clock bargaining with the help of the National Mediation Board. The invitation to come to the Labor Department for further negotiations probably prevented a strike at this time.

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Office of the Attorney General  
Washington, D. C. 20530

March 16, 1979

Weekly Activities of the Department of Justice  
for the week of March 12 through March 16

1. Meetings and Events - The Attorney General spoke on Monday, along with Admiral Turner, at the annual meeting of the American College of Trial Lawyers. On Tuesday, a luncheon was held in the continuing series of meetings with the General Counsels of the major departments concerning improved litigation services by the Department of Justice. The Attorney General on Friday morning hosted a breakfast for members of the Senate Judiciary Committee. During the Attorney General's testimony Wednesday before the House Subcommittee on Department appropriations, Chairman John Slack observed that the Department of Justice was the one Cabinet department he has seen with an actual dollar cut in its budget request.
2. The Progressive Litigation - The government's temporary restraining order preventing publication of the article entitled "How a Hydrogen Bomb Works" continues until Monday, March 26, when a hearing is scheduled on the government's motion for a preliminary injunction. The government made additional filings this week which included affidavits of Secretaries Schlesinger, Vance, and Brown. Additional filings by attorneys for the magazine and the government will likely occur next week.
3. Refugee Legislation - On March 13 the Administration's legislative proposal to improve refugee entry and settlement procedures was introduced and hearings have also been held.
4. GSA Investigation - On March 5, Joel E. Quarles, former assistant GSA store manager, was the 25th person to plead guilty of charges in the ongoing probe of corruption in the General Services Administration. He entered his plea just before his trial was to commence in Baltimore. Three others have been convicted of a total of 32 indicted on charges. One of those convicted was Quarles' boss, Frank Ellis. On March 10, four additional persons were indicted in the investigation. Two were former GSA employees and the other two were merchandise dealers.

5. Heroin Ring Indictments - On March 9, Linwood Gray, leader of a heroin ring that allegedly brought 100 pounds of heroin worth \$30 million into the Washington, D.C. area, and 16 others were indicted. Gray and three of his principal assistants, Carl L. Cathey, Jr., Joseph F. Wilson and Robert L. Stuckey, also are charged with operating a continuing criminal enterprise. The 56-count indictment also seeks the forfeiture of three houses, a nightclub and five automobiles. Assistant United States Attorney Barry M. Leibowitz who headed the investigation was shot and wounded outside the courthouse in December.
6. Waterfront Corruption Investigation - On March 6, 11 persons including five leaders of dock unions were indicted in New York. Michael Clemente, former official of the International Longshoreman's Association in Manhattan, and Tino Fiumara, who reputedly controlled illegal activity on the New Jersey side of the docks, both reputed to be organized crime members, were indicted along with Thomas Buzzanca, Vincent Colucci and Carol Gardner, ILA officials; and five executives, Gerald Swanton, Manuel and Joseph Costello, Robert Melli and George Zappella. In addition, a Fiumara associate, Michael Copella, was named in the 254-count indictment charging racketeering and extortion and related violations.

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THE SECRETARY OF COMMERCE  
WASHINGTON, D.C. 20230

FYI

REPORT TO THE PRESIDENT

March 16, 1979

In response to your instruction, Cy Vance and I prepared a memorandum on the export development issues raised during the recent meeting of the National Governors' Association. In light of intervening developments and reactions to our testimony on the Hill, we are revising our memo to present a more comprehensive review of the issues and a more explicit strategy for implementing the next phase of our overall national export policy.

During the past week both the Senate Finance and Senate Banking Committees have gone on record supporting measures to improve the Executive Branch's coordination and implementation of international trade policy, including the creation of a Department of Trade. Congressional sentiment for trade-related reorganization is growing along with pressure for policies to improve the international competitiveness of U.S. business. Coincidentally, after discussions with Jim McIntyre and Stuart, I forwarded a trade enhancement reorganization proposal to the PRP, which I understand is now at work on this option.

On Tuesday I announced plans for my visit to China during May 7-17. The key issues for this trip will be agreements on trade and shipping, business facilitation, and trade promotion. I also expect to explore possibilities for cooperation in those areas of science, technology, oceans and weather which are within this Department's responsibility. The Chinese are expected to raise questions about future U.S. Government and commercial financing arrangements. I am now convinced that to compete successfully for trade opportunities in China, particularly in industrial goods, the United States will have to supplement commercial credits with substantial amounts of Eximbank credit.

We have today transmitted to OMB draft legislation designed to implement your recent reorganization decisions in the area of economic development. Including the formal clearance process, we estimate that an Administration bill could be submitted to the Congress in early April.

A major loan will be made to the Phoenix Steel Corporation next week under the Administration's steel industry loan program. The Economic Development Administration will guarantee 90% of \$42.3 million in loans which will help maintain 1,800 jobs and create 335 new jobs in facilities in Delaware and Pennsylvania. You should be aware that the loan is opposed by a few steel firms, one of which would have a virtual monopoly on a particular type of steel if Phoenix were to go out of business.

  
Juanita M. Kreps

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THE SECRETARY OF HOUSING AND URBAN DEVELOPMENT  
WASHINGTON, D. C. 20410

March 16, 1979

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MEMORANDUM FOR: The President  
Attention: Rick Hutcheson, Staff Secretary

Subject: Weekly Report of Major Departmental Activities

Women and Mortgage Credit. On March 9 a comprehensive new initiative combining education and research to expand women's participation in the mortgage and home-ownership market was launched by the Department. Titled Women and Mortgage Credit, the 18-month project is backed by nearly \$1 million in HUD grants and contract awards. The project will seek to educate women about housing finance concepts and their credit rights and to enhance lender awareness that women are credit-worthy and represent an untapped market of potential homeowners.

New Community of Shenandoah, Georgia. Construction has begun on 100 units of multi-family garden apartments and townhouses in the Shenandoah Falls section of the new community. These are the first multi-family units in Shenandoah and are scheduled to be completed by the end of this year. The builder is Herman Russell, a partner in the new town.

Urban Policy Implemented Through Interagency Cooperation.

A. HUD is working with Department of Labor Youth Program staff on development of a technical assistance project to enhance the job exposure of youth working with public housing and redevelopment authorities during the summer. The program assists in providing job enrichment activities that give youth a more realistic exposure to the world of work.

B. HUD, Economic Development Administration and the Small Business Administration have agreed to extend the Neighborhood Business Revitalization program which was first initiated by SBA and expanded to interagency status 18 months ago. The program is being carried out through a contract with the National Development Council, and a recent evaluation shows the program has been successful in training local economic development professionals through packaging of commercial and industrial loans.

Disaster Preparedness and Response.

A. The Federal Disaster Assistance Administration is using National Weather Service and Corps of Engineers information on snowmelt and potential spring flooding to be fully prepared to respond in disaster areas. States most likely to be affected include Kansas, Illinois, Indiana, Iowa, Michigan, Minnesota, Missouri, Nebraska, New Mexico, North Dakota, South Dakota and Wisconsin. The Federal Insurance Administration is encouraging the purchase of flood insurance in those areas.

B. The failure to implement the Federal Emergency Management Administration reorganization in an orderly and timely fashion has placed a continuing burden on HUD. The Federal Insurance Administration leaves my administrative control on March 25, but retains HUD space and administrative support. FDAA, a major component of emergency management, remains indefinitely as part of HUD. I will, therefore, continue to meet my responsibility for the operation of these two agencies.

*Patricia Roberts Harris*  
Patricia Roberts Harris

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*Community* WASHINGTON, D.C. 20506  
*Services Administration*



MEMORANDUM TO THE PRESIDENT

March 16, 1979

Attention: Rick Hutcheson, Staff Secretary

FROM: Graciela (Grace) Olivarez, Director  
Community Services Administration

SUBJECT: Weekly Report of Significant Agency Activities  
(March 12 - 16, 1979)

Crisis Intervention Program

The Community Services Administration (CSA) has distributed about \$149 million of the \$200 million allocated for its Crisis Intervention Program. Thirty-seven states have now qualified for supplemental assistance totaling \$123,504,750. In addition, \$1.7 million was distributed to Illinois and Wisconsin for disaster relief and \$23,428,867 was distributed under the regular program to 47 states as well as the District of Columbia.

Identification of the Poor for 1980 Census

CSA and the Bureau of Census are working together to involve low-income people in the 1980 Census process through CSA's Community Action Agencies (CAAs). The Bureau of Census is to provide procedural training for CAA staff. In addition to gathering census information, CAAs will help identify and refer low-income individuals to the Bureau for testing and possible placement in the 250,000 jobs that will be created as a result of the Census activities.

Home Repairs for West Virginia's Poor

CSA will be providing \$249,000 for repairing 164 homes of the poor in West Virginia. The state has just agreed to allocate 15 CETA slots for the program.

Solar Energy Policy

CSA has just published the attached booklet, Solar Energy Policy. The booklet describes some of CSA's unique approaches for resolving energy-related problems of the poor in addition to setting forth specific solar energy policies for CSA grantees.

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United States of America  
General Services Administration  
Washington, D.C. 20405

Administrator

March 15, 1979

MEMORANDUM FOR THE PRESIDENT

THRU: Rick Hutcheson

SUBJECT: Weekly Report of GSA Activities

Los Angeles Women and Business Conference

GSA Deputy Administrator Paul Goulding officiated at the third of ten scheduled Women and Business Conferences last week in Los Angeles. The conferences were planned in response to your directive of July 10 which was issued following the report of the Interagency Task Force on Women Business Entrepreneurs. Rilla Moran Woods, GSA's representative on the Task Force, is coordinating these conferences. The Los Angeles Conference was attended by over 2,000 women, and when Governor Brown learned of the Conference and its overwhelming attendance, he asked if he could interrupt the program and make some brief remarks.

Future conferences planned in such cities as New York, Chicago, Boston and Atlanta will offer an opportunity for the administration to present its programs to large groups of women business leaders.

  
JAY SOLOMON  
Administrator

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VETERANS ADMINISTRATION  
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS  
WASHINGTON, D.C. 20420  
MARCH 16 1979

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TO : The President  
THRU : Rick Hutcheson, Staff Secretary  
FROM : Administrator of Veterans Affairs

VA Presidential Update

Filling a Real Need - An in-house evaluation of the VA home loan program shows: (1) Some 70% of the veterans obtaining home loans would not have been able to obtain conventional financing; (2) About 30% of the veterans would not have been able to get FHA loans, and (3) Nearly 80% of the VA loans were obtained with no downpayment. VA has guaranteed or insured more than 10 million loans for over \$158 billion since the WW II inception of the program.

Electronic Fund Transfers - Starting May 15, VA will begin direct deposit in banks - through electronic fund transfer - of employee salary payments. About 50,000 employees who already have their checks sent to banks will be the first in the system, and other employees will be encouraged to use EFT. VA will be the first agency to involve the complete Federal Reserve System in a salary deposit program. In another EFT cooperative effort with Treasury, VA is now paying over \$125 million each month in compensation and pension to nearly 600,000 beneficiaries. Use of these "checkless" systems will save the government several million dollars annually.

\$300 Billion for Veterans - Through FY 1978, VA and its predecessor agencies have spent over \$300 billion for benefits and services to veterans, dependents and survivors. Some 46% of these total outlays went for WW II veterans; 21.5% for WW I veterans, and 13.4%, thus far, for Vietnam era veterans. For WW II, expenditures over a 35 year period average \$8,362 per war participant. The figure for WW I, over a 60 year period, is \$13,652 - a figure that becomes \$27,787 per participant when adjusted to 1977 dollars. Vietnam era veteran expenditures amount to \$40.3 billion since 1965.

"Senior Veterans" - In FY 1978, 8.5% of all veterans were age 65 and over - a total of 2.5 million. Our latest conservative projections show this category will grow to 16.7% (4,982,000 veterans) by 1985, and to 29.1% (7,900,000 veterans) by the year 2000.

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UNITED STATES ENVIRONMENTAL PROTECTION AGENCY  
WASHINGTON, D.C. 20460

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/

March 16, 1979

THE ADMINISTRATOR

REPORT TO THE PRESIDENT

FROM: Douglas M. Costle

Between 1946 and 1973, many public schools were built using asbestos-containing materials in the walls, ceilings and other areas. That practice was halted in 1973.

Today we announced a national technical-assistance program to assist State and local officials in identifying and correcting the situation in schools where there is a health risk from exposure to asbestos.

Asbestos is a highly toxic material which can cause lung cancer, chronic lung disease, and other serious illnesses. We estimate that 10,000 of the Nation's 90,000 primary and secondary schools contain asbestos. Not all of the 10,000 necessarily present health problems -- only those where the asbestos material is flaking from deterioration or damage.

- o We are urging State officials to make a systematic survey to identify the schools with exposure problems.
- o We are printing 250,000 technical guidance manuals for distribution to school officials and others. The manuals give the information needed to identify exposure problems and choose the best course of action.
- o An informational list of laboratories which can analyze bulk samples of asbestos is being prepared.
- o We have identified for each of the 50 States an Asbestos Coordinator to provide additional technical assistance where needed.
- o In addition to local and State authorities, we have established contact with PTAs, unions, and medical associations.
- o A nationwide toll-free telephone service has been set up to answer questions about the asbestos problem.

We have coordinated this program with other federal agencies and departments, including DHEW. They are also prepared to provide assistance.

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A handwritten signature, likely of Douglas M. Costle, written in dark ink.

McINTYRE OPTION

1. The President announces that he will implement phased decontrol on June 1, with a definite schedule running to September 30, 1981, at which time all controls would go off.
  - This will give producers and their supporters in the Congress the certainty they want. There would be no need to ask the Congress to extend the EPCA authority.
  - The inflationary impacts will be little different from the maximal version of the "Eizenstat" targeted decontrol that would be required if no linked full decontrol and tax is proposed.
  - It would be bold and decisive, and would have beneficial international impacts on the dollar.
2. The President explains that this action will increase substantially producer revenues, and that he therefore wants the Congress to enact either an excess profits tax or an OPEC rents tax (whichever makes the most economic and political sense).
  - This is the kind of tax that Long, Byrd, Bentsen, Wright, Ashley and Rostenkowski thought they might be able to carry.
  - This is the kind of tax that the producers would be hard-pressed to fight--as they virtually admitted to us on Thursday.
  - This tax will generate a manageable stream of revenues.
3. The President tells the Congress that if such a tax is not enacted by a date certain this year, he will be forced to consider reinstituting controls and asking for the extension of his authority to impose them beyond 1981... a reverse contingency.
  - This protects our flanks and puts the monkey--and the responsibility for both the tax and decontrol--on the Congress' back, while still allowing the President to take a bold and decisive act.
  - It makes it even harder for the industry to fight a tax--there is a real threat of a return to extended controls that can only be eliminated if the Congress robs the President of his current authority (as of June 1) to do--and redo--as he sees fit.
4. The President tells the Congress and the American people that he will use the revenues from the tax (a) to relieve the impact of decontrol on the poor, perhaps through a cash Energy Grant to foodstamps recipients, and (b) to finance an Energy Fund--not a trust fund, though we may eventually have to accept one--which would invest in technologies to

free us from the grip of the OPEC nations. Indeed, he could even say he would send up a budget amendment once a tax was passed and tell people what he'd spend the money on (e.g., SRC-I, oil shale, more solar and coal research, woodburning stoves, etc.) so that he could build a coalition for the whole package.

- The advantages here are obvious; this money for the tax would finance the two elements that the members of the Congress said were essential: help for the poor and most importantly an exciting, sexy program with projects in their States.
- The principal disadvantages are (a) that it would not soften the CPI impacts of decontrol--but neither would the Eizenstat option; and (b) that there would not be a cap on price after 1981.

The logic of this approach is quite simple and sound: to have an exciting program, we need some new revenues; to get the revenues, we need a tax; to get a tax, we need some combination of carrots and a stick; to have that combination, we need phased decontrol by a date certain with the reverse contingency as a stick, and we need an Energy Fund with some enumerated projects as carrots.



THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

MAR 23 1979

NOTE FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

A large, stylized handwritten signature of Brock Adams is written over the 'ATTENTION' and 'FROM' lines. The signature is in dark ink and appears to be 'Brock Adams' in a cursive, flowing script.

RE: Attached Paper on An Energy Tax/Transportation Proposal

The attached paper addresses what I think are two central issues that must be dealt with in putting together an energy tax proposal in a way that deals effectively with equity considerations and the need to move on developing transportation alternatives, while coping with the significant potential for inflationary impacts on the economy. I believe it is a workable proposal that could gain broad political and public support. It could be a central part of your forthcoming proposals to deal with energy and the economy.

I would be glad to discuss the paper with you in more detail.

Attachment

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THE SECRETARY OF TRANSPORTATION  
WASHINGTON, D.C. 20590

MAR 23 1979

MEMORANDUM FOR THE PRESIDENT

ATTENTION: Rick Hutcheson, Staff Secretary

FROM: Brock Adams

A large, stylized handwritten signature of Brock Adams is written over the 'FROM' line and extends into the 'SUBJECT' line.

SUBJECT: The Energy Tax Proposal -- Alternatives for Use of Revenues

Building on Charlie Schultze's proposal for a \$3 per barrel tax on oil used domestically, I have outlined how this might fit into your overall energy/inflation proposals. By his assessment, the \$3 tax would capture about two-thirds of the windfall profits that otherwise would accrue to the oil producers. It is a simple and direct approach to reducing fuel consumption through the pricing mechanism, bringing our petroleum price up to the cost of replacement resources, while moving most of the windfall profits back into the economy in a targeted way. In advancing such a proposal, however, the Administration must deal with two basic issues which have been and will again be raised in Congress and by the public generally.

The Issue of Equity

This issue, of course, was addressed in the Administration's proposals made last year. It stems from the obvious fact that "rationing" energy by price impacts heavily on lower and middle income groups. Most of the fuel savings will be achieved at the expense of limiting travel of those who simply cannot afford higher prices. I question whether the political process will tolerate this result, nor do I think it is justified. There must be a broad public perception that the sacrifices needed to achieve energy goals are shared with reasonable equity.

The Issue of Transportation Alternatives

The energy outlook drives the conclusion that we must change the way we use automobiles and make them more fuel efficient. I believe the public accepts this general proposition. They do not see, however, any dramatic effort by the government to provide a satisfactory alternative to the automobile. While our investment in public transportation has increased significantly during your Administration, improvements are constrained by present funding levels. Much more can be done to speed progress in a

way that will be visible and will demonstrate the Administration's determination to bring about automobile alternatives by developing transit and bus systems and by launching a major long-term research and development effort to produce a revolutionary engine and new fuel technologies for the automobile. This is vital if we are to assure the Nation's mobility in the future.

In short, to make your energy proposals comprehensive and to gain public and Congressional acceptance, I believe that they should include proposals that will move decisively toward making the transportation system -- the major user of energy -- more energy efficient.

### Proposal

To deal with these two central issues as part of your energy package, I would like to advance the following proposal which would link a \$3 per barrel tax to a simple rebate system that would address equity for all users of petroleum and would demonstrate the Administration's determination to deal fairly with the problem.

- The \$3 per barrel tax proposal would be linked to decontrol. We estimate the tax would yield \$20.5 billion per year, of which about 53 percent or \$10.9 billion would be paid directly by the transportation sector in higher fuel costs. The balance would be paid by users of home heating oil, electricity, and industrial feedstocks.
- Of the \$10.9 billion attributable to transportation, we would propose that one-half -- \$5 billion -- be rebated to consumers through the income tax system. To speed the revenue flow back into the economy, the rebate should be reflected by a reduction in the withholding tax at whatever rate matches the needs of the overall economy. The rebate should be directed to lower and middle income families and be based on income levels and not fuel consumption, so they could shift their spending from petroleum to their other needs.
- Of the amount of revenue generated by transportation, I would propose that \$5 billion be earmarked for expansion of public transportation, development of the auto, transportation of coal, and other programs that have significant potential for energy savings. These funds would be applied as follows:

- .. \$3.5 billion to finance existing Federal programs for transit capital assistance and for expanding those programs to accelerate ongoing transit projects and modernizing bus fleets. (This would allow cities, such as Los Angeles, Detroit, New York, and in northern New Jersey to bring earlier into operation long-planned transit projects.) Of the \$3.5 billion, \$1 billion would be for expanding public transportation programs; the balance would be used to finance existing programs.
- .. \$500 million would be applied to the major long-term R&D effort I have proposed to develop revolutionary engine and fuel technologies for the automobile which is vital to assuring the Nation's mobility in the future.
- .. \$500 million would be for assisting states to improve coal haul roads and rail-highway grade crossings affected by increased energy development.
- .. \$500 million would be for a program of state energy conservation incentive grants to be made on an incentive basis to those states which are most successful in reducing gasoline consumption or industrial energy uses.
- The balance of the revenues, attributable to other uses, would also be rebated through the income tax or social security system. The specific development of this taxation and rebate scheme should come from Treasury, but the goal would be a cushioning of the impact of increased energy costs on lower income people. To the extent that our transportation grants substitute for current general fund expenditures, these funds could also be rebated or contribute to reducing the deficit.

### Timing

This proposal could be implemented effective with decontrol or staged over the two fiscal years following this one depending on broader economic objectives.

Taken together, I believe these proposals will make a workable energy package that could gain broad public and Congressional support.

I would be happy to discuss this proposal with you at your convenience.

THE WHITE HOUSE  
WASHINGTON  
3/23/79

Administrator Cleland

The attached was returned in  
the President's outbox today  
and is forwarded to you for  
your information.

Rick Hutcheson



**VETERANS ADMINISTRATION**  
OFFICE OF THE ADMINISTRATOR OF VETERANS AFFAIRS  
WASHINGTON, D.C. 20420  
March 13, 1979

*Max - Great! you've got  
my support - J C*

TO : The President  
THRU : Rick Hutcheson, Staff Secretary  
FROM : Administrator of Veterans Affairs  
SUBJECT : Two Year Accomplishments

*Max* *Rick*

Since this month marks my 2nd anniversary as Administrator, I want to thank you for your support and recap a few of our accomplishments in these 2 years.

Vietnam Era Veterans - VA was universally viewed as a stodgy bureaucracy hopelessly out of tune with the millions of younger veterans. Under its 1st VEV Administrator, VA has hired about 23,000 VEV employees. We now lead government with some 37,000 VEV employees, and more than 50 of them have moved into top echelon jobs.

VEV Recognition - This was accorded in your comprehensive 10/10/78 Message to Congress and your release of the PRM study of VEVs along with recommendations for the future. As the 1st President to twice participate fully in Veterans Day ceremonies, you unveiled the special plaque honoring VEVs last November, and we are inviting your participation in Vietnam Veterans Week (May 28 to June 3, 1979) by separate correspondence.

New Offices - Largely fashioned out of existing manpower, I established offices of Planning and Program Evaluation, Human Goals and Inspector General. P&PE has greatly sharpened our planning, management and oversight functions. Human Goals protects against discrimination in any form, and promotes employment opportunities for women and minorities, fields in which VA is establishing increasingly outstanding records. I had my IG in place 10 months before the IG legislation was signed, and that office already has saved \$8 million.

Better Management - In addition to new offices and other reorganizations, VA led the field in fully automating its ZBB processing. . .brought on line a new TARGET automated system, which will

The President  
Two Year Accomplishments

radically reduce waiting time in processing benefit claims . . .  
established effective leadership training for middle and top-level  
jobs . . . reduced 1st class travel to a fraction of what it had been  
. . . became an innovative pace setter in conserving energy . . .  
and, all told, saved many millions of dollars (some of the savings  
were outlined in my 1/11/79 Update report to you.)

Service-Connected Emphasis - For the 1st time ever we are  
issuing special I.D. cards to s. c. disabled veterans and singling out  
their files to assure absolute priority in health care; the Administra-  
tion has asked 2 increases in compensation, and we are beefing up our  
vocational rehabilitation programs.

Competence With Compassion - Indifference and insensitivity  
were most used descriptions of VA service when I took office. I  
have battled this on every in-house occasion. My "VA, May I Help  
You" and "Better Letters" major campaigns have done much to turn  
this situation around, and have been copied by other agencies.

Emotional Support for Patients - VA has taken over the annual  
Salute to Hospitalized Veterans program, and celebrities the nation  
over have helped us demonstrate "we care." Our Halls and Walls  
project is converting drab hospital, clinic and office settings into  
spirit lifting models of color and decor. We have breathed new life  
into our hospital volunteer program, one of the largest volunteer  
efforts in America.

We have done much more to revitalize VA, but perhaps the progress  
I've outlined will show the direction we are taking. With your  
continued support, I'm sure the years to come will see even greater  
progress and many more accomplishments.